THE MONEY BOSS METHOD

This page is a quick overview of the Money Boss method. It assumes your goal is early retirement (aka Financial Independence), but it works for any financial goal. For more info, visit the Get Rich Slowly blog or sign up for the Get Rich Slowly crash course at getrichslowly.org.

With the Money Boss method, you **manage your personal accounts as if you were managing a business**. Doing so allows you to maximize profit and pursue Financial Independence – or any other any other money goal you choose.

Financial Independence occurs after you've saved enough to support your current spending for the rest of your life without the need to earn more money. You might choose to work for other reasons – such as passion or purpose – but you no longer *need* a job to fund your lifestyle.

To achieve Financial Independence – or achieve other money goals – heed the basic rule of personal finance: To build wealth, you must spend less than you earn. Forget the standard advice to save 10% or 20% of your income. Practice extreme saving. **Your goal should be to save half of what you earn.** (And more is better.)

Sound impossible? It's not. The Money Boss method is built around helping you to save half. You'll need to conduct a three-pronged attack.

First, **minimize spending**. Because a handful of expenses consume most of your budget, pursue these first (and with greatest vigor).

- Choose a home in an area with a low cost of living. Reject the advice to "buy as much home as you can afford". Buy as little as you need. Take out a small mortgage at a low interest rate. Repay it as quickly as possible. Don't be afraid to rent. Spend no more than 25% of your income on housing. Less is better.
- Drive less. Walk, bike, or take the bus. If you *must* have a car, buy a fuel-efficient used model and drive it until it's dead.
- Be frugal with food. Eat out less, be a savvy shopper, and eliminate food waste.

With the Money Boss method, these won't seem like sacrifices. They'll be trade-offs made to pursue a more important purpose. Plus, with mindful spending you'll still have the freedom to spend on the things that matter most to you.

Next, **maximize your income**. It's great to cut expenses and develop thrifty habits, but there's only so much fat you can trim from your budget. In theory, there's no limit to how much you can earn.

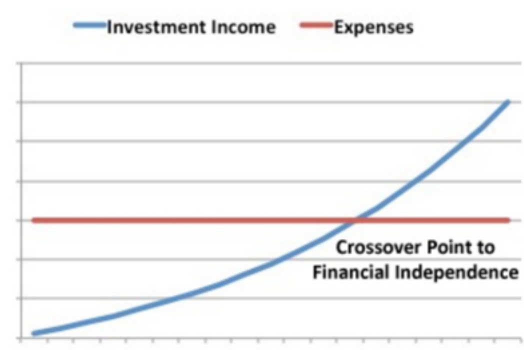
- Your job is your most important asset. Treat it as such. Negotiate your salary, learn new skills, connect with colleagues, and actively manage your career.
- Become better educated. Over and over, studies confirm that greater education brings greater pay.
- Sell your stuff. It'll improve both your mental and financial health.
- Start a side gig. Make money from your hobby. Take a second job.

Finally, **funnel your profit into smart investments**. (We often call it "profit" at Get Rich Slowly, not "savings".) Take advantage of employer- and government-sponsored retirement plans first. Then route profit to regular investment accounts. Don't get fancy. Invest in low-cost, diversified mutual funds. Ideally, choose a total-market index fund, such as Vanguard's VTSMX. Ignore the news. Ignore market fluctuations. Ignore everybody. Keep investing during good times and bad.

If you follow the three steps in the Money Boss method you *will* become rich.

With your profit, you'll **create a wealth snowball**. Track its growth. Conduct an annual review. How much did you spend during the previous year? What are your investments worth? Have you achieved Financial Independence yet? To determine whether you can retire, use the following assumptions:

- You'll spend as much in the future as you do now. (In reality, most people spend less, but go with this.)
- If you withdraw about 4% from your investments each year, your portfolio will continue to maintain its value against inflation. During market downturns, you might need to withdraw as little as 3%. During flush times, you might allow yourself 5%. But around 4% is generally safe.



Based on these assumptions, there's a quick way to check whether your goal is within reach. **Multiply your current annual expenses by 25. If the result is less than your savings, you've achieved Financial Independence.** If the product is greater than your savings, you still have work to do. (If you're conservative and/or have low risk tolerance, multiply your annual expenses by 30. If you're aggressive and/or willing to take on greater risk, multiply by 20.)

If you save half of what you earn, you should achieve Financial Independence in about fifteen years. If you save 70%, it'll take nine years. But if you only save 20%, you'll need to work for thirty years before you can retire – and at 10%, you'll need to work for forty-five years.

Visit getrichslowly.org for more ways to master your money – and your life!